

Exhibit A

Summary of Proposed Clean Water State Revolving Fund (CWSRF) Policy Amendments and Statement of Reasons

Note: Page references shown are for Exhibit B.

Item	Page	Category	Description of Change(s)	Reason
1	i	Preface	Deleted "Acknowledgements" to Tri-TAC.	Policy amendment will serve as a starting point for development of program regulations; no acknowledgments are needed or will be included in the regulations.
2	various	Globally	Added "Clean Water" to State Revolving Fund.	Distinguish Clean Water from Drinking Water SRF.
3	various	Globally	Clarified "Statewide Project Priority List (Statewide List)".	All locations updated for consistency and clarity.
4	various	Globally	SWRCB & RWQCB updated to current terminology: "State Water Board" and "Regional Water Board".	All locations updated with current terminology.
5	various	Globally	Replaced "loan contract" with "financing agreement" (FA).	FA includes all possible Water Board funding mechanisms.
6	various	Globally	Added "or one of its designees" to State Water Board or Division actions.	Provides the flexibility for delegation of authority.
7	various	Globally	Water reclamation changed to water recycling.	Consistent with current terminology.
8	various	Globally	Repayments changed to Payments.	Clarify difference between disbursements & payments.
9	various	Globally	Project instead of project.	Clarity.
10	3	Definition	Added Disadvantaged Community.	Definition needed for changes made to Section VII.
11	3	Definition	Deleted Effective Loan Date.	Covered in Section XIV.E (Effective Date).
12	3	Definition	Added "show compliance with Federal environmental laws".	Clarify California Environmental Quality Act (CEQA) to include CEQA Plus and Federal requirements.
13	3	Definition	Deleted EPA definition.	Not a definition. Acronym shown in body of Policy.
14	3	Definition	Estuary Enhancement Project rewritten.	Clarify definition and tie to Section 320 of CWA.
15	3	Definition	Added Financing Agreement (FA).	FA includes all possible State Water Board funding mechanisms.
16	4	Definition	Deleted Loan Contract Award.	Too restrictive – now "Financing Agreement."
17	5	Definition	Project Completion equals Initiation of Operation.	Clarity.
18	5	Definition	"Recipient" definition expanded.	Clarity.
19	5	Definition	Deleted retroactive projects.	See Page 11, Section VI. "Retroactive Funding" for full definition.
20	6	Definition	Added "Useful Life".	Definition needed changes made to Section IX.A.3.
21	6-8	Priority	Section IV.A-C Priority System: FA, CWSRF, etc.	Clarification only, no technical changes
22	8	Priority	Section IV.D Project Ranking: Readiness to proceed is current CWSRF Project ranking process.	Rewritten to reflect current practice.
23	9	Priority	Section IV.E Restrictions and Adjustments: FA, CWSRF	Clarification only, no technical changes.

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24	9	Priority	Section IV.F Management of the Statewide List: Deleted and moved to Section IV.G.	Meeting the Project schedule is basis for taking SWRCB action on the Priority List.
25	10	Priority	Section IV.G: Funding of Projects: Procedures clarified and Project funding “proceed with construction” basis added. Global climate change Projects given priority if CWSRF funds are limited.	Additional clarification and reflects actual practice. Address climate change in Priority System.
26	10	Priority	Section IV.H.5 Project Additions, Removals and Changes: Provides method to remove Projects from fundable year Statewide List.	Current Policy is silent about the process to remove Projects if applicants are non-responsive for five consecutive years.
27	10	Local Match	Section V. Local Match: Remove no-interest SRF loans.	Clarifies Local Match. Previous language confusing.
28	11	Local Match	Section V.B State Match Account: Delete.	Covered by Section V and leads to confusion.
29	11	Local Match	Section V.B Terms: Rewritten.	Clarifies principal amount (loan amount plus local match), and added extended term financing.
30	11	Local Match	Section V.C Disbursements: Rewritten and added “or other documentation of payment acceptable to the Division”.	Previous language was confusing to both the applicant and staff. Modernizes to allow for direct deposit, etc. payment mechanisms.
31	12	Retroactive Funding	Section VI Retroactive Funding: Rewritten – Construction prior to Final Plans and Specifications (FP&S) approval will not be CWSRF funded, except allowances are eligible.	Clarifies that the State Water Board does provide this type of funding on a project-by-project basis and within constraints of CEQA, Facilities Plan Approval (FPA), State Historic Preservation Officer (SHPO), Environmental Protection Agency, and Federal and State laws.
32	12	Refinancing	Section VII Refinancing: Rewritten – State Water Board may fund bridge financing or disadvantaged community project type financing if conditions are met.	Clarifies that Refinancing must be within the constraints of the priority classes and refinancing is approved by the Division.
33	13	Recycling	Section VIII Water Recycling: Deleted “cost-effective” criteria. Changed WRLP to WRCP Guidelines.	Section rewritten to reflect current Water Board practices.
34	14	Facilities Plan Approval (FPA)	Section IX Facilities Planning: Credit Analysis and Water Conservation additions. Deleted some language as superfluous.	The Division does provide advice during the Kickoff Meeting and for general guidance to meet policies, regulations, laws, CEQA, and SHPO.

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35	15-18	FPA	Section IX.A Project Report: (1) A.2.a-d: added paragraphs for Credit Review documents required, (2) A.3: Used "Useful Life of the Project" instead of 20 yrs and added climate change evaluation of alternatives, (3) A.8: Deleted Best Practicable Wastewater Treatment Technology, (4) A.10.d: Future Project cost to wastewater users added, and (5) A.10.l: Existing Waste Discharge Requirements (WDRs) and tentative WDRs rewritten. Final WDRs prior to FP&S or Request for Proposal (RFP) approval.	(1) Documents required for Credit Analysis, (2) Change will require applicant to evaluate the project based on the full costs, including climate change evaluation of alternatives, over the actual life of the project rather than a predetermined time frame, (3) No longer applies to CWSRF Program, (4) Required for Credit Analysis, and (5) The WDR requirements are clarified Existing or new Project facilities. Previous description was confusing for applicants and Division staff.
36	18-19	LID and Sustainability	Section IX.A.11.D: Low Impact Development (LID) and Sustainable Water Resources requirements.	Added to Policy requirements due to Board Resolution 2008-0030, supporting LID that must be addressed by the applicant's Project Report.
37	19-22	Environmental Analysis	Section IX.B Environmental Impact Analysis: Update of language. Added Tier I and Tier II CEQA review process options. Environmental documents more than five years old must re-evaluate environmental conditions.	Clarification of actual Division CWSRF environmental procedures. Tier I and Tier II option provided for applicant's proposed Projects to facilitate environmental approvals.
38	22	Water Conservation	Added option for applicant may submit an "Urban Water Management Plan", if applicable.	Urban Water Suppliers may provide an "Urban Water Management Plan" in lieu of a Water Conservation Plan.
39	24-29	Credit/Legal Review	Section IX.E.2 Credit Review: Added (1) Election/Prop 218 (2) Dedicated source of Funds (3) Financial Statements (4) Litigation (5) Existing Indebtedness (6) Sustainability and (7) Other Submittals	Strengthens the Credit Analysis and replaces the Revenue Program Guidelines (deleted). Credit Review provides an improved applicant's ability to financially pursue and complete a Project.
40	29-30	Eligible Project Cost	Section IX.G.1: Added (1) f Eligible Change Orders: Not to exceed Approval to Award (ATA), (2) g Recycled water distribution and storage, (3) n Recycled water systems, and (4) o Water conservation measures.	(1) Consistency and clarifies current Division practices, (2) & (3) Recycled water systems a Water Board high priority, and (4) Water Conservation a Water Board high priority.
41	30	Ineligible Project Cost	Section IX.G.2 (1) c Ineligible Change Orders (COs): Deleted - COs that are within ATA limit may be eligible, (2) k.3 Added climate change-energy efficiency.	(1) Consistency and clarifies current Division practices, and (2) Climate change a Water Board high priority.

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42	32-33	Preliminary Funding Commitment (PFC)	Section IX.J: PFC simplified sunset date requirement, allow Division to grant 120-day sunset date extension, and added Design-Bid types of Projects.	Consistency and clarifies current Division practices.
43	36	Value Engineering (VE)	Section X.B: VE required for Projects increased from \$10 million to \$35 million	Engineering News Record Construction Cost Index data used for years 1976 and 2008 to make VE adjustment for inflation
44	37	Project Performance Standards (PPS)	Section X.C: PPS developed during preparation of the eligibility determination (90% or greater Plans & Specifications completion), WDRs and key facility operating parameters are now in PPS.	Consistency and clarifies current Division practices. Simplified PPS rely more on the WDRs for primary PPS criterion.
45	37	Loan Contract	Section X.D: This language has been updated and moved to other sections. Past practice was to issue loans prior to ATA based on Eng. estimates.	Division no longer executes financing agreements based on the engineer's estimate due to need to amend financing agreement.
46	38	Minority and Women Owned Business Enterprises (MBE/WBE)	Section X.E MBE/WBE: Fair share objectives are goals, and if bidder does not meet the goals - no consequences. Rewrote section to reflect current practices. Detailed information is shown in the MBE/WBE Instructions (Appendix K of Policy).	Consistency and clarifies current Division practices.
47	39	Compliance with Federal Statutes	Section XI: Added Tier I and Tier II CEQA analysis explanation.	Tier I and Tier II option provided for applicant's proposed Projects to facilitate environmental approvals.
48	36-37	Allowances	Section XII: VE required for Projects increased from \$10 million to \$35 million & allowance Tables updated.	Engineering News Record Construction Cost Index data used for years 1976 and 2008 to make VE adjustment for inflation
49	37	Loan & Award	Section XIII Loan Application and Contract Award: Deleted section as it is redundant and not in the appropriate location.	Division no longer executes financing agreements based on the engineer's estimate.

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50	40-41	Approval to Award (ATA)	Section XIII ATA: Rewrote "Good Faith" effort required, deleted lowest acceptable bid amount as basis of eligible Project amount, added preparation of the Master File (MF), added Design-Build proposal language, Completion of Construction (CC) and Initiation of Operation (IO) dates are established at the time of ATA (applicant signs forms) and Division is authorized to execute agreements.	Consistency and clarifies current Division practices.
51	41-42	Interest Rate and Service Charge	Section XIV.A Interest Rate and Service Charge: Interest rate is established when MF is determined to be complete by the Division and added service charge.	Clarifies establishment of interest rate charges and preparation for service charges in future.
52	42	Final Loan Amount	Section XIV.B Final Loan Amount: Delete paragraph.	Division no longer executes financing agreements based on the engineer's estimate.
53	42	Contract Initiation (CI)	Section XIV.B Contract Initiation (CI): Deleted entire section.	CI section is no longer used by Division as once ATA is approved recipient has awarded the construction contract.
54	42	Cost Increases	Section XIV.C Cost Increases: Change Order (CO) increases must be offset by CO decreases and below the ATA amount. Added credit limit and 150% Cap.	Consistency and clarifies current Division practices regarding COs, 150% Cap and credit limit (new).
55	42-43	Future Local Debt	Section XIV.D: Future Local Debt waiver criteria modified to reflect proposed practice.	Provides additional clarification of waving future local debt requirements.
56	43	Effective Date	Section XIV.E Effective Date: Added section "Effective Date" for eligible construction cost criteria based on Final Plans & Specifications (P&S) approval date.	Clarification of Final P&S approval is the Financing Agreement Effective Date and construction prior to Final P&S is ineligible.
57	43	Disbursement Requests	Section XV.A Disbursement Requests: Slightly modified language.	Modifications reflect simplification of text.
58	43-44	Allowance Requests	Section XV.B Allowance Requests: Rewrote last sentence to reflect funding adjustment based on ATA amount verses the engineer's estimate.	Clarifies current Division practices. The Division use to base funding on engineer's estimate, which could change at time of ATA (either lower or higher).
59	45	Completion of Construction (CC) Date	Section XVI.C Completion of Construction (CC) Date: Deleted paragraph as this is stated in Section XVIII.	Makes CC date consistent with current practices.

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60	45	Final Project Inspection	Section XVII.A Final Project Inspection: Deleted first sentence. Operations and Process Control (O&PC) manual submittal to the Division is optional and replaces Operations and Maintenance (O&M) manual.	CC & IO is now established at time of ATA when CC/IO forms signed by the authorized representative. The need of an O&PC manual is at the Project Manager's discretion. The O&M manual no longer required as considered too detailed.
61	46	Project Performance Report (PPR) Certification	Section XVII.B PPR and Certification: Project Performance Certification (PPC) added and clarified difference between PPR and PPC. Changed payments to disbursements.	Clearly states present practice of getting both a PPR and PPC to preclude any penalties to recipient. Disbursements are the correct term to use in this case.
62	48	Payments	Section XIX Payments: Added "Service charges, if applicable" for recipients assessed the charge. Extended Term financing added for thirty (30) years. Penalty Section revised.	Adds authorized service charges. Extended Term Financing terms added for consistency and thoroughness. Penalty section revised to be legally defensible.
63	49	Board Reservation of Authority	Section XX Board Reservation of Authority: Added last sentence to allow Division to amend Appendices for administrative or procedural changes only (not in conflict with the Policy).	Provides CWSRF Program added flexibility to respond in a timely manner to act on Program administrative or procedural changes only.
64	49	Eligibility Disputes	Section XXI Eligibility Disputes: Appeal procedures section re-written.	Clarifies the appeal procedures section.